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lease if you discover a valuable deposit during the permit term.

§ 3507.15 How do I apply for a preference right lease?

No specific form is required. Submit three copies of your application within 60 days after the date your prospecting permit expires or the date BLM denies your request for a permit extension filed under § 3505.64 of this part, whichever is later.

§ 3507.16 Is there a fee or payment required with my application?

Yes. You must submit the first year's rent with your application. Determine the first year's rent from the provisions in § 3504.15 of this part. There is no filing fee.

[65 FR 11476, Mar. 3, 2000]

§ 3507.17 What information must my preference right lease application include?

Your application must contain:

- (a) A statement of your qualifications and holdings as specified in subpart 3503 of this chapter;
- (b) Three maps showing:
 - (1) Utility systems;
 - (2) The location of any proposed development or mining operations and incidental facilities;
 - (3) The approximate locations and the extent of the areas you will use for pits, overburden and tailings; and
 - (4) The location of water sources or other resources which you may use in the proposed operations or incidental facilities;
- (c) A narrative statement addressing:
 - (1) The anticipated scope, method and schedule of development operations, including the type of equipment you will use;
 - (2) The method of mining anticipated, including the best available estimate of the mining sequence and production rate; and
 - (3) The relationship, if any, between the planned mining operations and existing or planned mining operations and facilities on adjacent Federal or non-Federal lands;
 - (d) Financial information which will enable us to determine if you have found a valuable deposit. Include at least an estimate of projected mining

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and processing costs, saleable products and markets, and projected selling prices;

- (e) A complete and accurate description of the lands as found in your prospecting permit, if your application is for less than the lands covered by your prospecting permit; and

- (f) Other data, as we may require.

§ 3507.18 What do I need to submit to show that I have found a valuable deposit?

To show you have found a valuable deposit, send us the information listed in § 3593.1 of this part. You must have collected the data during the term of the prospecting permit, but you may refer to prior geologic work. BLM may request supplemental data from you to determine the following:

- (a) The extent and character of the deposit;
- (b) The anticipated mining and processing methods and costs;
- (c) Anticipated location, kind and extent of necessary surface disturbance;
- (d) The measures you will take to reclaim that disturbance;
- (e) An estimate of the profitability of mineral development; and
- (f) Whether there is a reasonable prospect of success in developing a profitable mine.

§ 3507.19 Under what circumstances will BLM reject my application?

- (a) BLM will reject your application for a preference right lease if:
 - (1) You did not discover a valuable deposit of mineral(s) covered by the prospecting permit;
 - (2) You did not submit requested information in a timely manner;
 - (3) You did not otherwise comply with the requirements of this subpart; or
 - (4) In the case of sodium, potassium and sulphur, if BLM determines that the lands are not chiefly valuable for the mineral commodity specified in the permit.
- (b) If you applied for a lease for minerals BLM administers under the authority of Reorganization Plan No. 3 of 1946, BLM may also reject your application if we determine that mining is not the preferred use of the lands in

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the application. In making this determination, we will consider:

- (1) The land use plan;
 - (2) Unsuitability criteria under subpart 1610 of this title;
 - (3) Any environmental impacts; and
 - (4) The purposes of the statute under which the lands were acquired.
- (c) We will also reject your application if the surface managing agency does not consent to the lease.

§ 3507.20 May I appeal BLM's rejection of my preference right lease?

Yes. You have a right to appeal under the procedures in parts 4 and 1840 of this title.

Subpart 3508—Competitive Lease Applications

§ 3508.11 What lands are available for competitive leasing?

BLM may issue a competitive lease on unleased lands where we know that a valuable mineral deposit exists. In such areas, before issuing a lease we may issue you an exploration license, but not a prospecting permit. However, BLM may offer competitive leases for lands where no prospecting or exploratory work is needed to determine the existence or workability of a valuable mineral deposit. In addition, we may offer competitive leases for asphalt on any lands available for asphalt leasing, whether or not we know that a valuable mineral deposit exists.

§ 3508.12 How do I get a competitive lease?

- (a) Notify BLM of areas in which you are interested. We may also designate certain lands for competitive leasing.
- (b) After determining that the lands are available for leasing, we will publish a notice of lease sale containing all significant information (see § 3508.14 of this part).
- (c) We will award a competitive lease through sale to the qualified bidder who offers the highest acceptable bonus bid. In the event of a tie, BLM will determine a fair method for choosing the successful bid.

§ 3508.14 How will BLM publish the notice of lease sale?

(a) Once we determine which lands are available for leasing, we will publish a notice of lease sale at least once a week for three consecutive weeks in a newspaper of general circulation in the area where the lands are situated. We will also post the notice of lease sale for 30 days in the public room of the BLM office which administers the lands.

(b) The notice will include:

- (1) The time and place of sale;
- (2) The bidding method, including opening and closing dates for bidding;
- (3) A description of the tract BLM is offering;
- (4) A description of the mineral deposit BLM is offering;
- (5) The minimum bid we will consider; and
- (6) Information on where you can get a copy of the proposed lease and a detailed statement of the lease sale terms and conditions.

§ 3508.15 What information will the detailed statement of the lease sale terms and conditions include?

- (a) The proposed lease terms and conditions, including the rental, royalty rates, bond amount, and any special stipulations for the particular tract;
- (b) An explanation of how you may submit your bid;
- (c) Notification that you must accompany your bid with your qualifications statement (see subpart 3502 of this part) and a deposit of one-fifth of your bid amount;
- (d) Notification that if you are the successful bidder, you must pay your proportionate share of the total publication cost for the sale notice before we will issue the lease. Your share is based on the number of tracts you bid on successfully, divided by the total number of tracts offered for sale;
- (e) A warning concerning 18 U.S.C. 1860 which provides criminal penalties for manipulating the bidding process;
- (f) A statement that the Secretary reserves the right to reject any and all bids, and to offer the lease to the next qualified bidder, if the successful bidder does not get the lease for any reason; and